

# HB854 Statewide Housing Study

## Program Fact Sheet

## Mortgage Credit Certificates

### Virginia Housing

**Note:** This fact sheet was created in October 2021. Program details can change regularly. For the most up-to-date information on this program and a program contact, please visit the link below:  
[Link to program website](#)

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## 01 Program goals

The Mortgage Credit Certificates (MCCs) program is intended to reduce the cost of home purchase for low- and moderate-income first-time homebuyers by reducing the amount of federal income tax owed.

## 02 Funding sources

Federal authority was given to Virginia for the issuance of tax-exempt revenue bonds. The IRS allows states to issue Mortgage Credit Certificates as an alternative to issuing tax-exempt mortgage revenue bonds (MRBs) for home purchase.

## 03 Governance

Virginia Housing sets income and sales price limits within IRS-approved parameters and the credit rate for MCCs within IRS-imposed limits. MCCs are issued to eligible borrowers at the time of home purchase, subject to compliance approval by Virginia Housing. Per IRS regulations, issuance of MCCs cannot be limited to borrowers receiving Virginia Housing mortgage loans. MCCs are available on a first-come, first-served basis.

## 04 Population served

The program serves low- and moderate-income first-time homebuyers.

## 05 How program works

Borrowers apply for and receive a Mortgage Credit Certificate (MCC) at loan closing, which entitles them to an annual federal tax credit for a portion of the mortgage interest they pay on their mortgage loan. Currently, to maintain ongoing access to eligible households, the credit amount set by Virginia Housing is 10 percent, the IRS minimum. This ensures the long-term sustainability of the program.

## 06 Program history

The MCC program began in 2015.

## 07 Program highlights

- The share of Virginia Housing borrowers taking advantage of Mortgage Credit Certificates has risen significantly since FY 2016.
- From just 1,036 at the beginning - representing roughly 20% - to 6,841 Mortgage Credit Certificate recipients in FY 2020 - representing nearly 80% of first-time home buyers.